

# **HOUSE . . . . . No. 904**

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By Ms. Balser of Newton, petition of Ruth B. Balser and others for legislation relative to health insurance rate setting by the Division of Insurance. Financial Services.

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## **The Commonwealth of Massachusetts**

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### **PETITION OF:**

Ruth B. Balser	John P. Fresolo
James B. Eldridge	Denise Provost
Ellen Story	Steven J. D'Amico
Douglas W. Petersen	Kay Khan
Patricia D. Jehlen	Jennifer M. Callahan
William N. Brownsberger	Barbara A. L'Italien

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In the Year Two Thousand and Seven.

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### **AN ACT REGARDING HEALTH INSURANCE RESPONSIBILITY RATING.**

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1     SECTION 1. Section 7A of chapter 26 of the General Laws, as  
2 appearing in chapter 58 of the Acts of 2006, as amended by  
3 chapter 324 of the Acts of 2006, is hereby amended by inserting  
4 after the first paragraph the following paragraph:—

5     The commissioner shall also appoint within the health access  
6 bureau at least the following persons who shall perform the duties of  
7 the rating bureau, created by section 8E of said chapter 26, relating  
8 to health insurance: an actuary, a rate attorney, a mathematician, a  
9 researcher and an accountant. The actuary shall be a fellow of the  
10 American Academy of Actuaries or shall have attained a doctoral  
11 degree in a related discipline. The mathematician shall be engaged in  
12 the program of study recommended by said American Academy of  
13 Actuaries or shall have substantial mathematical and statistical  
14 training. Such actuary, rate attorney, mathematician, researcher and  
15 accountant shall be exempt from the provisions of chapter 30 and  
16 chapter 31 of the General Laws.

1 SECTION 2. The second paragraph of section 7A of said  
2 chapter 26 of the General Laws, as so appearing, is hereby amended  
3 by striking out, in the first sentence, the word “may” and inserting in  
4 place thereof the following word:— shall.

1 SECTION 3. Section 7A of said chapter 26 of the General Laws,  
2 as so appearing, is hereby amended by striking out, each time it  
3 occurs in the second paragraph, the number “\$600,000” and  
4 inserting in place thereof the following number:— “\$1,000,000.”

1 SECTION 4. The second paragraph of section 7A of said  
2 chapter 26 of the General Laws, as so appearing, is hereby amended  
3 by inserting after the second sentence the following sentence:—  
4 The assessment may be increased annually thereafter by a rate not  
5 to exceed the most recent annual consumer price index calculated by  
6 the bureau of labor statistics of the United States department of labor  
7 for the northeast region for all urban consumers.

1 SECTION 5. Chapter 175 of the General Laws is hereby  
2 amended by inserting after section 4C the following section:—

3 Section 4D. (1) As used in this section, the following terms shall  
4 have the following meanings unless the context clearly requires  
5 otherwise:

6 “Carrier”, an insurer licensed or otherwise authorized to transact  
7 accident or health insurance under chapter 175 of the General Laws;  
8 a nonprofit hospital service corporation organized under  
9 chapter 176A of the General Laws; a nonprofit medical service  
10 corporation organized under chapter 176B of the General Laws; a  
11 health maintenance organization organized under chapter 176G of  
12 the General Laws; and an organization entering into a preferred  
13 provider arrangement under chapter 176I of the General Laws.

14 “Health benefit plan”, a policy, contract, certificate or agreement  
15 entered into, offered or issued by a carrier to provide, deliver,  
16 arrange for, pay for, or reimburse any of the costs of health care  
17 services.

18 “Overall health care costs”, the medical care component of the  
19 consumer price index of urban consumers for the Boston  
20 metropolitan area.

21     (2) If a carrier files for an increase in premium in excess of the  
22 rate of increase in overall health care costs, or if a carrier files an  
23 initial premium request for new health benefit plans, such carrier's  
24 rate, in addition to being subject to all other provisions of their  
25 respective governing chapters, shall be subject to the prior approval  
26 of the commissioner as set forth in this subsection. In granting such  
27 prior approval, the commissioner shall make a finding on the basis  
28 of information submitted by the carrier and investigated by the  
29 specially designated health insurance staff within the rating bureau.

30     Such requested premium increase or initial premium request shall  
31 be filed no later than 90 days prior to the requested effective date of  
32 such rate. No such rate shall be effective until after a public hearing  
33 conducted by the commissioner, and advertised in newspapers in  
34 Boston, Brockton, Fall River, Pittsfield, Springfield, Worcester, New  
35 Bedford, and Lowell, or by notifying such newspapers of said  
36 hearing, and held within thirty days of the filing of such rate with the  
37 commissioner. The commissioner shall approve or disapprove such  
38 rate within thirty days following the conclusion of the public  
39 hearing, to be effective not earlier than thirty days subsequent to  
40 such approval. No such rate shall be approved if the benefits pro-  
41 vided therein are unreasonable in relation to the rate charged, nor if  
42 the rates are excessive, inadequate or unfairly discriminatory or do  
43 not otherwise comply with the requirements of this or other gov-  
44 erning chapters.

1     SECTION 6. If any provision of this Act or its application to any  
2 person or circumstances is held invalid, the invalidity does not affect  
3 other provisions or applications of the Act which can be given effect  
4 without the invalid provision or application, and to this end the  
5 provisions of this Act are severable.